



RESOURCES FOR VIRGINIA'S DOWNTOWNS

An introductory reference guide on the most frequently used resources for the revitalization of Virginia's commercial districts. Includes brief explanations and contact information on financial incentives, loan and grant programs, and sources of technical assistance.

TAXATION & FINANCING

Service Districts -- Any locality may create a service district to "provide additional or more complete services of government than are required in the city (county or town) as a whole." A separate assessment on real estate within the district may be used for a variety of purposes including physical improvements and maintenance, general business promotion, facilities operation and staffing. (Code of Virginia, Sections 15.2-2400 through 2403).

Assessments for Local Improvements -- Section 15.2-2404 of the Code of Virginia allows local governments to tax or assess abutting properties for local improvements including constructing, improving, replacing or enlarging sidewalks, streetlights, alleys, curb and gutter, water and sewer lines, and amenities such as benches and waste receptacles.

Community Development Authorities -- Cities, towns and certain counties may create community development authorities and issue tax exempt revenue bonds to develop and manage facilities and services including roads, parking, utilities, streetlights, landscaping, security, maintenance, recreation, schools, etc. A separate and additional tax on real estate may be assessed to pay the debt service on the bonds. (Code of VA, Sections 15.2-5152 through 5158 and 15.2-5125 through 5133).

Tax Increment Financing (TIF) -- Any locality may create TIF districts to stimulate private investment in development project areas. TIF district boundaries are set and the current or "base assessed value" of tax revenue is determined. In the ensuing years the base value continues to go to the locality's general fund, but any increase in revenue due to redevelopment (the *increment*) is placed in a separate TIF Fund. TIF funds are usually used to pay off debt incurred to provide redevelopment incentives such as land assembly and site preparation, infrastructure improvements, etc. (Code of VA, Sections 58.1-3245 through 3245.5).

Real Estate Tax Abatement -- Local governments may "provide for the partial exemption from taxation of real estate on which a structure no less than 20 years of age has been substantially rehabilitated." Taxes are paid on the pre-rehab value of the building for up to fifteen years, and can apply to residential, commercial or industrial properties. This has been substantially revised as of July 1, 1995. (Code of Virginia, Sections 58.1-3220 and 3221). Real estate tax abatement of up to 25 years is also allowed for hotel/motel properties at least 35 years of age which are rehabilitated for residential use. The abatement may be up to 90% of the structure's value after renovation. (Code of VA, Section 58.1-3220.01).

Local Technology Zones -- All cities, counties and towns may designate one or more zones to offer up to ten years of incentives and regulatory flexibility, including reductions of gross receipts tax and permit fees, special zoning, etc. (Code of VA, Sec. 58.1-3850).

Entitlement to Certain Sales Tax Revenues -- Certain cities may use sales tax revenue generated within a new, renovated or expanded public facility (publicly-owned auditorium, coliseum, convention or conference center) to pay costs of acquisition, construction and start-up operations (Code of VA, Sec. 58.1-608.3)

TAX CREDITS

Federal Investment Tax Credit for Certified Historic Rehabilitation -- Federal income tax credits are available for 20% of the cost of rehabilitating a certified historic structure, or 10% for non-certified structures built before 1936. Virginia Department of Historic Resources at (804) 367-2323 or www.dhr.state.va.us

State Tax Credit for Historic Rehabilitation -- A state income tax credit is available for rehabilitating a historic structure listed (or eligible for listing) on the Virginia Landmarks Register (either individually or as a contributing structure in a historic district). The credit is calculated as 25 percent of eligible renovation costs for projects in year 2000 and beyond. Credits may be used by individuals, partnerships and corporations, and may be carried forward for up to five years. Virginia Department of Historic Resources (see listing above).

Qualified Equity and Subordinated Debt Investments Tax Credit -- Virginia taxpayers may receive a credit equal to 50 per cent of the amount they invest in a qualified Virginia-based business (most professional services are ineligible) with annual revenues below \$5 million. The maximum annual credit per taxpayer is \$50,000, and unused credits may be carried forward up to fifteen years. The investor must not be compensated by the business for any services rendered, and must maintain the equity investment for five years. (Code of VA section 58.1-339.4).

Americans With Disabilities Act -- Federal tax credits and deductions are available to businesses that make reasonable and necessary expenditures to remove accessibility barriers according to the standards of the ADA. Section 44 of the IRS code allows a **credit** of up to \$5,000 annually for small businesses, while section 190 provides for a **deduction** of up to \$15,000 annually for all businesses.

Enterprise Zones -- The Virginia Department of Housing & Community Development (DHCD) administers the Enterprise Zone program, which designates local districts within which businesses creating jobs and improving facilities can receive state tax credits on income and sales taxes and for real property improvements, grants for creating jobs, and other state and local incentives for job creation. (804) 371-7030 or www.dhcd.state.va.us/ezones.

Low-Income Housing Tax Credits -- The Virginia Housing Development Authority (VHDA) allocates federal tax credits for acquiring/constructing/renovating rental units for low-income persons. Contact program director, Jim Chandler at (804) 343-5786 or go to www.vhda.com/MultiFam/taxcredframes.htm.

Neighborhood Assistance Act -- Businesses can receive a tax credit of 45% of their investment in approved community service projects that benefit low income individuals and areas (Code of VA, sections 63.1-320 through 325). Eligible uses include job training and daycare centers, cultural programs, and neighborhood renovations. Credits may also be taken for donations of materials, employees' paid time and services, etc. Maximum credit per year is \$175,000. Administered by the Virginia Department of Social Services at (804) 692-1895 or www.dss.state.va.us/business/nap.html

New Markets Tax Credits -- Investors such as banks, corporations, organizations, or individuals can receive a tax credit of 39% over seven years for their investment in qualified Community Development Entities (CDEs) that in turn invest in profit-generating community development projects in low-income areas. CDEs with tax credit allocations (Wachovia Community Development Finance and the National Trust for Historic Preservation are the only ones covering the entire state of Virginia) may also invest in local CDEs without allocations (like Lynchburg Community Loan Fund) that also operate in their service area. Applications for CDE certification are accepted on a rolling basis. The next round of NMTC allocations will be awarded in 2005. For more information go to www.cdfifund.gov/programs/nmtc/index.asp.

LOANS & GRANTS

Community Development Block Grants – DHCD distributes federal funds to cities and towns with populations under 50,000 and counties under 200,000 (larger “entitlement” jurisdictions receive funds directly from the U.S. Department of Housing & Urban Development). **Community Improvement Grants** and **Planning Grants** are awarded to local governments for projects that meet the national program's objectives (principally benefiting low- and moderate-income persons, prevention or elimination of slums or blight, and addressing an urgent community development need). Planning grants (up to \$25,000) may be used for community-based strategic planning and capacity building, structural and needs assessments, environmental and engineering studies, market and feasibility analyses, physical planning, etc. Community Improvement Grants (up to \$2 million) may be used for comprehensive community development, housing rehab, urgent needs, and economic development (including microenterprise loan pools, Section 108 loan guarantees, and real estate redevelopment to distressed communities). Open submission usually runs from January through the summer. Contact Denise Ambrose, Program Manager, at (804) 371-7029 or go to www.dhcd.state.va.us/CD/CDBG/default.htm.

Redevelopment & Housing Authorities -- Title 36 of the Code of Virginia -- the Housing Authorities Law -- allows cities and counties to create local or regional redevelopment and housing authorities. Sections 36-48 through 36-55 provide the authority to carry out redevelopment and conservation of blighted areas -- including the acquisition and resale of property, rehabilitation or clearance of commercial and residential structures, and use of loans or grants -- in accordance with an approved plan. Such activity may be accomplished by issuing bonds, and can include provision of facilities for recreation and education, streets and sidewalks, water/sewer/drainage, etc. RHAs may also contract to provide services to other localities.

Economic Development Administration -- The U.S. Department of Commerce's E.D.A. (www.doc.gov/eda) has grant programs to stimulate job creation through economic development research, planning, implementation and technical assistance. Eligible applicants include nonprofits, individuals, firms and governments. Virginia is served by the Philadelphia Regional Office at (215) 597-4603 and a Richmond field office at (804) 771-2061.

Rural Development -- The Rural Development Division (formerly the Farmers Home Administration) in U.S. Department of Agriculture provides loans, loan guarantees, grants and technical assistance to public bodies and nonprofits for small business creation, job retention/expansion, community facilities, housing, utilities and intermediary relending primarily in communities with populations less than 50,000. (804) 287-1601 or www.rurdev.usda.gov/va.

Small Business Financing -- *Business expansion loan guarantees* are available through the **Virginia Small Business Financing Authority**, a state entity which guarantees loans for inventory, fixed assets and working capital. VSBFA also has loans up to \$15,000 for equipment of renovations of child day care centers. (804) 371-8254 or www.dba.state.va.us/financing. VSBFA also publishes *Virginia Capital Resources Directory*, an online guide to grants, microloans, short and long term debt financing, and venture capital at www.dba.state.va.us/financing/crd.

The U.S. **Small Business Administration** (804-771-2400 or www.sba.gov/va) provides loan guarantees of up to \$750,000 for a variety of general business purposes, including inventory and working capital. Loans of up to \$150,000 are available with a simple one page application. Long term, low rate financing for real estate and equipment is possible through the Certified Development Co. (504) program. The statewide Development Company is Virginia Asset Financing Corp. (703-476-0504) and there are five local companies as well. Loans of up to \$250,000 are available through the Pre-qualification loan program to many businesses that do not have access to regular commercial credit. Contact your local Small Business Development Center to see if you are eligible. Loans of under \$25,000 are available through SBA approved micro-loan lenders. Rural Development in USDA provides **Rural Business-Cooperative Services** such as business enterprise grants, intermediary re-lending loans, business and industry direct loans and guaranteed loans. For more information, contact Reginald Rountree, Program Director, at 804-287-1557 or Reginald.Rountree@va.usda.gov.

DHCD administers the **Virginia Enterprise Initiative (VEI)** to fund local organizations that then provide startup or expansion funding and technical assistance to microenterprises (less than five employees, including the owner). (804) 371-7030 or www.dhcd.state.va.us/cd/vei.

The Virginia Employment Commission publishes *Virginia Business Resource Directory: A Guide to Services Available to Existing and Potential Businesses*. Available for download from the VEC website, the *Guide* addresses business planning, financing, management and marketing http://www.vec.state.va.us/index_labor.cfm.

Housing -- The VHDA Office of Non-Profit Affairs publishes the annual **Virginia Housing Directory** online. The directory provides program summaries and contact information for nearly ninety state and federal housing programs operating in Virginia. A list of local non-profit housing organizations is indexed by locality name at www.vhda.com/Apps/HousingDirectory/Housing.htm.

DHCD's Housing Division administers several grant and loan programs for non-profits and local governments. (804) 371-7100 or www.dhcd.state.va.us/housing.

The **Virginia Community Development Corporation** is a statewide non-profit that leverages private investments with the federal Low Income Housing Tax Credits to provide financing and technical assistance for small, difficult-to-develop projects serving lower income residents. (804) 343-1200 or www.vacdc.org.

Energy Efficiency -- US Department of Energy's Rebuild America program offers energy efficiency technical assistance such as workshops for property owners, energy audits on specific buildings; downtown energy efficiency planning assistance; and identification of local contractors who offer discounted services and/or equipment through the Rebuild America Business Partners Network. For more information contact Annette Osso, (703) 486-2966, vahen@mindspring.com or www.vahen.org.

Preservation Planning, Surveys & Projects -- The National Trust for Historic Preservation has grant and low-interest loan programs, including Save America's Treasures, for preservation planning, establishing local revolving loan funds, saving endangered landmarks, etc. Contact NTHP Financial Programs at (202) 588-6054 or www.nationaltrust.org/help/grants.html.

The Virginia Department of Historic Resources provides a small pool of grant funds set aside specifically for communities designated as *certified local governments* (CLGs). All local governments and planning district commissions in Virginia are eligible to apply for DHR's **Survey and Planning Cost Share** grants (www.dhr.state.va.us/survey/Survey1.htm). Funds are awarded for preservation planning and survey projects. Contact Paige Weiss, Survey and Planning Manager, at pweiss@dhr.state.va.us or (757) 396-6707.

The National Park Service's **Challenge Cost-Share Program** seeks to increase participation by neighboring communities to preserve natural, recreational, and cultural resources for which the NPS is responsible. The broad range of projects that have been funded in the past include: the rehabilitation of historic structures and buildings; heritage education programs; new interpretive exhibits; and site stabilization or restoration. The program requires a 1:1 match of up to \$30,000. For more information, call (202) 343-6004.

The National Park Service **Historic Surplus Property Program** allows state, county and local governments to obtain surplus federal properties at no cost if the property is listed in, or eligible for listing in, the National Register of Historic Places. Historic properties transferred under this program may be used for public facilities, such as museums and government offices; properties can also be leased to not-for-profit organizations and to developers who may be eligible to take advantage of federal preservation tax incentives for historic buildings. Questions about specific properties in Virginia may be directed to Alisa McCann at (215) 597-0651.

TEA-21 Transportation Enhancements -- The Virginia Department of Transportation distributes federal enhancement funds provided by the Transportation Equity Act for the 21st Century (TEA-21, formerly ISTEA) for projects meeting one or more of the ten eligibility criteria. Uses include acquiring historic sites, rehabilitating and operating historic transportation buildings, and beautification projects. VDOT provides up to 80% of project cost on a reimbursement basis. The remaining 20% must come from local non-federal sources. Nonprofits and individuals may apply, but projects must be endorsed by local government and require a public hearing. Funds are also channeled through local government. <http://virginiadot.org/projects/pr-enhancegrants.asp>

or (800) 444-7832, (804) 786-2872 in the Richmond area.

Foundation Grants – Between 2000 and 2001, foundations gave more than \$16.8 billion. The Foundation Center in New York City publishes *The Foundation Directory*, which provides information on up to 74,000 foundations on a subscription basis. The *Directory* lists foundations based on specific fields such as arts and culture, community and urban development, recreation, etc. <http://fconline.fdncenter.org> or (800) 478-4661.

The Directory of Virginia Foundations offers information on more than 1,000 private, corporate and community foundations incorporated in the Commonwealth of Virginia. The directory is available in four formats: online subscription (which is updated on a regular basis), CD-ROM, floppy disk, and loose-leaf binder set. Foundation profiles include: contacts, trustees, assets, grants awarded, application guidelines, deadlines, grant recipients and amounts. Cost between \$255 and \$350 depending on medium www.grantsconnection.com.

GuideStar, the national database of U.S. charitable organizations, gathers and distributes data on more than 850,000 IRS-recognized nonprofits. Registered 501(c)(3)s may update their information and access online giving/donation services free of charge by registering at www.guidestar.org. Both grantmakers and donors often consult the information available on GuideStar while vetting requests, applications and appeals for funding.

The Virginia Foundation for the Humanities & Public Policy awards matching grants for historical, cultural and public policy programs. (804) 924-3296 or www.virginia.edu/vfh.

The Arts, Urban Design, etc. -- The National Endowment for the Arts' **Visual Arts** program provides matching grants for art-in-public places and the **Design Arts** program promotes architecture, planning, preservation, urban design, etc. Grants generally range from \$5,000 to \$100,000 and require a match of at least 1:1. (202) 682-5452. To encourage well-designed public spaces, the NEA's **New Public Works** supports national design competitions targeting the disciplines of landscape architecture, urban planning, architecture, and industrial design. New Public Works coordinator, Amanda Lloyd, may be reached at (202) 682-5078 or lloyd@arts.endow.gov. For info on NEA's other programs call (202) 682-5400 or www.arts.gov

The Virginia Commission for the Arts has several matching grant programs such as local government challenge grants, general operating support for arts organizations, technical assistance grants, and touring performance artist grants. (804) 225-3132 or www.arts.state.va.us.

Save Outdoor Sculpture! (SOS!) is a joint project of Heritage Preservation and the Smithsonian American Art Museum. SOS! provides technical assistance and referrals for conserving outdoor monuments and sculpture. 888-767-7285 or www.heritagepreservation.org/PROGRAMS/SOS/sosmain.htm.

Tourism -- The Virginia Tourism Corp. distributes matching grants for marketing through the **Tourism Cooperative Advertising Fund**. Applications must come from local destination marketing organizations, along with other partners, to fund new projects promoting Virginia attractions to out-of-state audiences, www.vatc.org.

Parks & Recreation – The Virginia Department of Conservation and Recreation's Division of Planning and Recreation Resources administers the **Virginia Outdoors Fund**, which provides matching grants for acquisition and development of public outdoor recreation areas and facilities. (804) 786-3218 or www.dcr.state.va.us/pr/vof.htm.

The **Kodak American Greenways Awards Program**, a partnership project of the Eastman Kodak Company, The Conservation Fund, and the National Geographic Society, provides small grants to stimulate the planning and design of greenways in communities throughout America. Nonprofits (preferred) and public agencies are eligible to apply for amounts in the \$500 - \$2500 range. (703) 525-6300, greenways@conservationfund.org or www.conservationfund.org/?article=2372.

Urban Forestry -- The Virginia Department of Forestry administers the Urban & Community Forestry Assistance matching grant program. Nonprofits, civic and community groups, and local governments are eligible for awards between \$1,000 and \$20,000. Applications typically due in late spring/early summer. Contact VDF

urban forestry coordinator Paul Revell at (434) 977-6555. www.dof.state.va.us/urban/urban-forestry-index.htm

Litter Prevention & Recycling -- The Virginia Department of Environmental Quality provides grants to individuals, organizations and governments for regional or statewide litter prevention and recycling education. For more information go to www.deq.state.va.us/recycle/programs.html or contact Steve Coe at (804) 698-4029.

Appalachian Regional Commission -- ARC provides matching grants up to \$500,000 through DHCD to 23 counties and five cities in western and southwestern Virginia for projects fostering economic and community development and human resource improvements. Recently-funded projects have included small business incubators, workforce training, water and sewer, health care resources and more. (804) 371-7061 or www.dhcd.state.va.us/CD/ARC/default.htm.

Inmate Labor -- Localities can request that non-violent offenders be provided as laborers on community work projects such as painting, debris removal, highway maintenance, construction and renovation of public facilities (parks, schools, civic centers, etc.), land clearance, etc. The local governing body must pass a resolution accepting the labor, and submit a proposal with scope of work. (804) 674-3221 or www.vadoc.state.va.us.